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Los Alamos

Los Alamos National Laboratory
Los Alamos, New Mexico 87545

DATE: November 18, 1986
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Executive Secretary

86- 5572x

Mr. William J. Casey, Director
Central Intelligence Agency
Washington, DC 20505

Dear Mr. Casey:

Ron Lohrding and I appreciate the opportunity we had on November 13 to discuss with you some of the recent developments in our Central American energy and minerals program.


I received from your office a copy of the speech you delivered in Atlanta. The New York Times evidently confused your role as a senior government official with your role as Director of the Central Intelligence Agency, and connected your remarks about the Los Alamos program to the CIA. This mistake caused us some difficulties. The enclosed articles attempt to clarify the situation.

Your personal support of our AID-sponsored program is very important to us. In a short time we feel we have accomplished a great deal in collaboration with the U.S. Geological Survey and our Central American counterparts. For example, we have identified geochemical anomalies in Costa Rica that may be indicative of mineral deposits, we have located large deposits of peat in Costa Rica and Panama, we are presently drilling a test well in a potential geothermal reservoir in Honduras, and we are constructing a demonstration plant for direct use of geothermal energy in Guatemala.

As we indicated to you, the purpose of our program is to do the initial front-end work on a variety of energy and mineral-related projects in hopes of attracting US and local industry to do the follow-on development and production activities. We believe this approach may be a key to economic and political stability in the area.

Once again, we appreciate your interest in this program.

Sincerely yours,


John T. Whetten
Associate Director for
Energy and Research Applications

JTW:ba

Enc: a/s

cy: S. S. Hecker, DIR, MS A101
R. K. Lohrding, ERA-III, MS P373
R. Hamilton, USGS, Reston, VA

LOS ALAMOS MONITOR (NM)
12 November 1986

Story linking lab, CIA refuted

When Casey said 'we,' he meant U.S.. not his agency

By SANDI DOUGHTON-EVANS
Monitor Staff Writer

A 5-inch news story in the Sunday New York Times, which put a possibly misleading spin on comments by Central Intelligence Agency Director William Casey, spawned a series of New Mexico news reports that linked Los Alamos National Laboratory with the CIA in Central America.

According to the Times article, Casey said in a speech that the CIA is working with Los Alamos National Laboratory on a project to help several Central American nations assess and utilize energy and mineral resources.

LANL has been engaged in such a program for about 18 months, but the \$11.2 million program is funded entirely by the Agency for International Development, which is an arm of the State Department, said John Whetten, LANL's associate director for energy and research applications.

"Our program has absolutely no connection with CIA authority, funding or anything else," Whetten said this morning. "It's possible that the article misquoted Casey."

All the brouhaha boils down to what Casey meant when he used the word "we" in his speech,

CIA spokeswoman Sharon Foster said this morning.

Foster quoted from the text of Casey's speech, which was presented at the Center for the Study of the Presidency in Atlanta, Ga., and focused on new ways the Western world can reduce Soviet influence in the Third World:

"This country's strategy in the Third World must go beyond supporting freedom fighters," Casey said. "In addition to doing what we can to support indigenous resistance to Soviet-backed repressive regimes, we have to come to grips with the core developmental problems of the Third World and how the West's technological ingenuity, its entrepreneurial talents and its free markets can be brought to bear there."

"We continue to exploit Soviet vulnerabilities through traditional intelligence methods, but we are also moving on a broader non-traditional front as well."

Then, in the possibly misinterpreted sentence, Casey said:

"For example, in conjunction with Los Alamos National Laboratory, we are involved in designing a pilot resource assistance program in Central America." The text then lists specific aspects of the program, including geothermal exploration

and development in Costa Rica, Honduras and Guatemala, and location of peat deposits in Panama and Costa Rica.

By "we," "the director meant the U.S. government," not the CIA, Foster said.

The Times article paraphrased Casey and substituted "the CIA" for "we," hence leaving the impression that LANL and the CIA were actually working together on the program.

The Albuquerque Tribune ran a front-page story Tuesday, headlined "LANL, CIA reportedly team on project," and hinting that AID is often a cover for covert CIA operations.

The Associated Press picked up the Tribune story and distributed it on the regional wire service.

LANL representatives did make a presentation on the program to Casey about two months ago, Whetten said. "It was clear at the time that Casey was very much interested in what was going on," he said.

The LANL program is part of the government's Caribbean Basin Initiative, an effort to help stabilize regional governments in the long term, by helping improve economies in the short-term.

Whetten said.

About 40 LANL employees have participated in the program, which includes geological field work to help identify potentially useful energy resources, as well as engineering and economic analyses to help the nations find the best approaches to exploiting those resources, Whetten explained. Most of those nations are now heavily dependent on costly, imported oil.

Later in his speech, Casey specifically referred to a new CIA initiative, similar to the Los Alamos efforts, but apparently separate from them.

"At CIA we have also set up a special unit of first class economists and technical analysts to help in matching technology and underutilized resources — an effort that goes well beyond the Los Alamos

project," Casey said. "We have studied or are in the process of studying some 20 countries in this way to identify the resources and other assets to which Western capabilities can be applied to advantage. We are looking at their energy resources as well as mineral and agricultural potential, to assess the opportunities for application of Western technology, capital and managerial skills," Casey said. "We have already found that the potential is enormous."

Government, Not CIA, Working With LANL, Spokeswoman Clarifies

THE ASSOCIATED PRESS

LOS ALAMOS — CIA Director William J. Casey was referring to the U.S. government and not the CIA when he discussed in a speech a cooperative effort with Los Alamos National Laboratory on a Central American project, the agency said Wednesday.

The New York Times on Sunday paraphrased Casey as saying the CIA, in conjunction with Los Alamos National Laboratory, is designing a "pilot resource-assistance program" to help Central American nations.

Lab officials have denied the lab and the CIA are working together on the program. And CIA spokeswoman Sharon Foster, in a telephone interview from Washington, told a Los Alamos Monitor reporter Wednesday that it all boiled down to what Casey meant when he used the word "we."

She quoted from the text of Casey's speech, which was presented Sunday at the Center for the Study of the Presidency in Atlanta and focused on new ways for the West to reduce Soviet influence in the Third World.

"This country's strategy in the Third World must go beyond supporting freedom fighters," Casey said. "In addition to doing what we

can to support indigenous resistance to Soviet backed repressive regimes, we have to come to grips with the core developmental problems of the Third World and how the West's technological ingenuity, its entrepreneurial talents and its free markets can be brought to bear there.

"We continue to exploit Soviet vulnerabilities through traditional intelligence methods but we are also moving on a broader non-traditional front as well.

"For example, in conjunction with Los Alamos National Laboratory, we are involved in designing a pilot resource assistance program in Central America."

Foster said when Casey used the word we in talking about the lab, "the director meant the U.S. government" and not the CIA.

She said Casey then went on in the speech to discuss the program in more detail.

John Whetten, the lab's associate director for energy and research applications, said Wednesday in Los Alamos that the lab has been engaged in such a program for about 18 months.

The program is designed to identify alternatives to imported oil, including geothermal and hydroelectric sources and peat deposits.

SANTA FE NEW MEXICAN (NM)
13 November 1986

CIA clears up 'link' to LANL

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CASEY

Presidency in Atlanta on new ways for the West to reduce Soviet influence in the Third World.

Lab officials have denied the lab and the CIA are working together on the program. CIA spokeswoman Sharon Foster, in a telephone interview from Washington, told a reporter for a Los Alamos newspaper Wednesday that it all boiled down to what Casey meant when he used the word "we."

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NEW YORK TIMES

9 November 1986

CIA CHIEF OUTLINES EFFORT TO AID 3rd WORLD
SPECIAL TO THE NEW YORK TIMES
WASHINGTON, D.C.

The Central Intelligence Agency is trying to help developing countries solve their economic problems in a new approach to competing with the Soviet Union for influence, William J. Casey, the Director of Central Intelligence, said today.

"This country's strategy in the third world must go beyond supporting freedom fighters," he said.

(c) 1986 The New York Times, November 9, 1986

In remarks for delivery in Atlanta, Mr. Casey said the C.I.A., in conjunction with the Los Alamos National Laboratory in New Mexico, is designing a program for Central America.

The program seeks to find peat deposits in Panama and Costa Rica for use in energy generation; locate geothermal drilling sites to generate electricity and industrial steam in Costa Rica, Honduras and Guatemala; help all Central American governments except Nicaragua in energy planning, and conduct mineral studies in Costa Rica.